



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Lisa Goldman
Acting Chief Executive Officer

Date: February 1, 2011

Re: Authorize the Acting Chief Executive Officer to Negotiate and Execute a
Purchase and Sale Agreement for the Islander Motel Property Located at
2428 Central Avenue

BACKGROUND

On November 16, 2010, the Community Improvement Commission (CIC) authorized the Interim Executive Director to negotiate and execute a purchase and sale agreement for the Islander Motel property located at 2428 Central Avenue. It is proposed to acquire the property and renovate it as permanent affordable housing for very low- and low-income households. The Islander Motel, located in the Business and Waterfront Improvement Project (BWIP) Area, is well-suited to be redeveloped as workforce housing given its proximity to downtown Alameda.

Staff initially anticipated that the CIC would acquire the property from the owner and, subsequent to securing all required financing, the CIC would quitclaim the property to the Housing Authority for long-term ownership. However, staff has determined that it is more efficient for the Housing Authority to acquire the property directly from the owner. Therefore, it is requested that the Housing Authority Board of Commissioners (BOC) authorize the Acting Chief Executive Officer to negotiate and execute the purchase and sale agreement rather than the CIC Acting Executive Director. The CIC will continue to partner with the Housing Authority on this important project.

DISCUSSION

Other actions taken by the CIC in November 2010, included authorizing issuance of a Request for Qualifications (RFQ) to secure a development partner and appropriating funds from the BWIP Affordable Housing Fund balance for due diligence reports and deposits. Based on the proposals received in response to the RFQ, the Housing Commission, at its January 19, 2011 meeting, selected Resources for Community Development (RCD). RCD and staff are working diligently to submit an application pursuant to the State Housing and Community Development Department's Notice of Funding Availability for the Multifamily Housing Program. Applications are due on

CC/ARRA/CIC/HABOC

Agenda Item #2-D

02-01-11



March 3, 2011. Approval of the Owner Participation Agreement (OPA) and commitment of local funding is scheduled for a special meeting of the City Council, CIC and BOC on February 15, 2011.

Authorizing the Housing Authority to negotiate and execute the purchase and sale agreement streamlines the transaction and is more cost-effective. The CIC, which does not own property on a long-term basis, will no longer be a party to the transaction and therefore the need to convey the property from the CIC to the Housing Authority is eliminated. In addition, due to technical requirements of tax credit financing, while the Housing Authority will own the land and enter into a long-term lease with RCD, RCD must own the improvements for a certain amount of time. The transaction is more efficient when the Housing Authority, as the long-term owner, purchases the land and RCD purchases the improvements.

The CIC will continue to provide the local funding commitment and the affordable units will be inclusionary units pursuant to California Redevelopment Law. The recommendation to authorize the Housing Authority to negotiate and execute the purchase and sale agreement, rather than the CIC, is a technical modification. The substance of the proposed transaction to acquire and renovate the Islander Motel for permanent housing affordable to very low- and low-income households is consistent with the CIC's November 16, 2010 direction.

FINANCIAL IMPACT

There is no impact to the City's General Fund to authorize Housing Authority staff, rather than CIC staff, to negotiate and execute a purchase and sale agreement for the Islander Motel property located at 2428 Central Avenue.

ENVIRONMENTAL REVIEW

Acquisition and rehabilitation of the Islander Motel for re-use as permanent affordable housing is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the Act. Section 15301 addresses existing facilities and exempts minor alterations to existing structures. No exceptions (found in Guidelines Section 15300.2) apply that would defeat the use of the exemption.

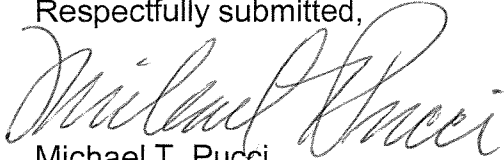
RECOMMENDATION

Authorize the Acting Chief Executive Officer to negotiate and execute a purchase and sale agreement for the Islander Motel property located at 2428 Central Avenue.

Honorable Chair and
Members of the Board of Commissioners

February 1, 2011
Page 3 of 3

Respectfully submitted,

A handwritten signature in cursive script, reading "Michael T. Pucci". The signature is written in dark ink and is positioned above the printed name and title.

Michael T. Pucci
Executive Director

MTP:DP:sb